

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## School Property Tax Control Board Meeting Minutes October 2, 2008

**Call to Order:** The monthly meeting of the School Property Tax Control Board was held on Thursday, October 2, 2008 at 10:00 am. The meeting was held in the Indiana Government Center South, Conference Center Room C, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Tony Samuel, Richard Besinger, Denise Seger, Debbie Hine, Morris Mills, Roger Umbaugh, Paul Joyce, Chuck McLean (Administrative Officer), and Linette Pedigo (Administrative Secretary).

**Minutes and Discussion:** Mr. Mills called the meeting to order. There were no minutes available for discussion.

**Union Township School Corporation, Porter County:** The school is requesting approval to issue a lease with the Union Township School Building Corporation in the amount of \$25,000,000 with maximum annual payments of \$4,050,000 for a term of 19 years. The project is comprised of the remodeling of the Alternative School for 6-12 special education students; an addition to and the remodeling of the John Simatovich Elementary; and the building of the new Union Center Elementary School.

Note: Porter County's last Certified Budget was 2006 pay 2007.

Project costs: \$25,000,000  
Applied to Debt: 0  
Annual Payment: \$4,050,000

Tax Rate Impact:  
2006 AV \$510,237,812  
Levy Needed \$1,789,000\*  
Est. Tax Rate 0.7563\*

Meeting and Publication Dates:	
Date of Publication of the 1028 Hearing	04/05/2008
Date of 1028 Hearing	04/16/2008 (5-0)
Date of the Notice for the Preliminary Determination Hearing	04/16/2008
Date of Publication of the Preliminary Determination	04/19/2008

Auditor's Certificate of No Remonstrance  
Proof of Publication of Notice on Hearing of Lease  
Excerpts & Minutes Approving Form of Financing

missing  
05/30/2008  
10/08/2008\*\*

Common Construction Wage Hearing Held: 10/06/2008\*\*

\*First year only

\*\*The meeting was not held prior to the SPTCB Hearing

**Present for the hearing:** Jim Elizondo, City Securities; Greg Schafer, Taxpayer; John Hunter, Superintendent; Pam Buksar, Business Manager; Chris LaFollette, Construction Manager; Michael Stephens, Assistant Superintendent; Cathy Polichronopoulos, Principal; Michael J. Jessen, School Board; John Barbee, VP/Envoy, Inc.; Adam Brower, Sales Manager/Envoy, Inc.; Felix Perry, Site Manager/Envoy, Inc.; Craig Ream, Business Manager/East Noble; and Thomas Peterson, Bond Counsel.

**Comments:** Mr. John Hunter began by saying they are here today as the culmination of a two-year study process for an elementary school project. The project is an alignment with the facility renovation needs as determined by a community committee to provide for their student growth and to improve the safety and the learning environments for their students. The studies performed indicated that the current Union Center Elementary is inadequate in meeting the needs of the student and staff. Currently, both elementary schools' classrooms use window air-conditioning units, which are loud and provide poor air quality. He added that classroom space at the current Union Center is inadequate for the addition of technology, the kitchen size and cafeteria space are not adequate, and current office space is not large enough or efficient. The media center has limited space and the gymnasium does not support the entire student body. The hallways are too narrow, the restrooms are too small, and the parking areas are inefficient and hazardous.

Mr. Hunter then stated that four options were presented to the Board by the committee. It was decided that the most prudent and cost effective option was to build a new elementary school. He then went into detail about the new elementary school and how it will be configured. He talked next about other buildings that will be improved with this project. At John Simatovich Elementary, a new administration office area and two new classrooms will be constructed, as well as lighting, security, and air-conditioning upgrades. The Wheeler High School library and science labs will be updated and expanded. The existing Union Center Elementary will undergo a facelift for continued use by the school corporation, and a section of the building that houses the oldest and most inefficient classrooms will be demolished. The remaining areas will be renovated to house alternative and vocational school programs, central office space, and school corporation storage.

Mr. Hunter talked next about enrollment growth, and how it is a major reason for this project. Their school corporation has grown from 1383 in 1996 to 1724 in 2008; a 25% increase. In the last five years, the district averages 31 new students per year.

Mr. Hunter then talked about how this project has unanimous School Board support. He said that last year, the School Board purchased a 69 acre tract of land to be used for this project and for future needs. He added that this project falls within the DLGF guidelines for cost per square foot, at \$17 under the threshold. He summarized that this project meets the school corporation's needs in what they believe is a reasonable and cost effective manner.

Mr. Besinger then asked about their debt service, and how in 2007 it was at 39 cents and in 2010 it will be 75 cents. He asked if raising their debt service this much is a concern. Mr. Hunter said that anytime one raises taxes is a concern, but one must keep in mind what he/she is getting in return, because this is good for the children. He added that there is a concern also because of the new circuit breaker laws. He realizes that this project will increase their circuit breaker impact by \$17,000 over and above their already projected impact of \$39,000, and this will have to come out of other funds (CPF, Transportation, and Bus Replacement).

Mr. Mills said that on their amortization schedule, they are stretching the new statute where they do not backload as much debt. Mr. Jim Elizondo said that their understanding of the new law is that they have the ability to provide level debt service on the new issue or provide an overall level debt service, and this is what they are doing. After comparing different schedules, they felt their proposed 17 year amortization provides lower total payments and a lower initial tax impact.

Mr. Besinger said he is concerned about their total tax rate and how it is supposed to be lowered because the State is taking over the General Fund. He said they are using up about half of their General Fund for Debt Service, which will give the taxpayers only a 50% impact instead of 100%. Mr. Hunter agreed, but said this is a great time to do this project because taxpayers will see some relief, though they will be minimizing some of that relief.

Mr. Umbaugh said they are using a 6% interest rate, but asked, given the economy, if they have had any recent bond sales that would indicate where that is. Mr. Elizondo said that over the last couple weeks they have not, but looking at rates that were out this week on long-term bonds, they feel comfortable that they are in a range that is below that 6%. Mr. Umbaugh wanted to confirm that once the bonds are sold, that rate will be adjusted, and Mr. Elizondo said yes. Mr. Umbaugh then questioned the capitalized interest, and if they had any thought of leasing a couple of the buildings in order to start payments earlier and reduce the amount. Mr. Elizondo said they discussed that, as well as to move along at a speed in order to get a levy in place for 2009, but that did not happen.

Mr. Samuel asked next whether there was any opposition to this project. Mr. Thomas Peterson said a petition was taken out under the petition/remonstrance process, as this project is under the old law. It was not filed in the appropriate office, so the County gave the school a Certificate of No Remonstrance. He said there are very specific steps that must be taken by all parties, and people must file in the right place. Mr. Joyce asked what the concerns were of the petitioners. Mr. Hunter said some of the concerns were the property tax impact and the fact that there are high-tension power lines that run through their property. He said they took time to fully investigate the risk of the power lines, and their information showed very little risk. They had meter readings taken from the school site, their existing school sites, and also areas within the school buildings. He added that readings from in front of a TV or a computer are considerably

higher than the readings they got on the school site, and the school site's closest corner to the power lines will be approximately 600 feet away. Mr. Samuel asked how far away the playground will be to the power lines. Mr. Hunter said it will be much farther than 600 because it is on an opposite corner.

Mr. Mills then asked about their circuit breaker impact of \$56,000, and whether or not that amount is before or after this project. Mr. Hunter said LSA estimated their impact in 2010 to be \$39,000, and the impact of this project will be \$17,000. Mr. Mills questioned why the impact of this project is so low, and Mr. Peterson said the impact depends on how many units are at their limit and what their share is. Mr. Elizondo added that they have very few higher priced homes, and they are located in a county with many local taxing units, so that lessens their impact.

Mr. Joyce asked how many elementary schools they have. Mr. Hunter said two. Mr. Joyce asked what their future plans for the other elementary school are. Mr. Hunter said they are planning to utilize parts of the existing elementary and demolish other parts. They want to expand their alternative services program, but they do not have the room to do that. Utilizing the existing building will give them the needed space. He added that they would also like to use some of the space because they are concerned that their middle and high school will continue to grow; he estimated that in about ten years they will probably need a new middle school. Until then, another idea was to take their current vocational programs and move them to the existing building, as well as the central office space that is in the middle school. He said they have a plan that meets the district's long term needs because they can free up space within the district's current structures. Mr. Joyce asked if they believe this project will carry them through the next ten years, and Mr. Hunter said yes. An option can be to take the sixth grade back to the elementary school if needed.

Mr. Mills asked what the composition of their assessed valuation is. Mr. Hunter said about 94% is residential; they have very little commercial. Mr. Mills said if they are 94% residential then he still does not understand the low circuit breaker impact. Mr. Hunter said the circuit breaker does not impact homes until they hit a \$200,000 AV, and a lot of their homes are under that amount and will not be impacted.

Mr. Greg Schafer, a taxpayer, took the floor next to explain his opposition to the project. He said he has attempted to communicate with the Superintendent three times, but has not been heard. After the 1028, he led the process of the petition/remonstrance process. He said the DLGF gave him misinformation about where to file the petition, though they did file it on time. He added that on their petition that was filed with the Auditor, the cover letter stated to contact him immediately if anything was incorrect. He brought into question the demographics study done by Dr. Boyd and why he took it upon himself to say the existing elementary school was old and needed to be replaced. He feels the document was drafted with the clear intent to get a brand new school. He wanted to point out that in Dr. Boyd's report, on page 5, it summarizes that Porter County is expected to decline in the age group of 5-19 by 6.5% through the year of 2025. He says that may not happen and they could see growth, but statistically it says they may not get there. Last year, they had 55 tuition-paying students at the school corporation, so he asked if the local taxpayers should have to pay to add on to the existing buildings for these transfer students. Mr. Schafer admits that their elementary schools do need work, but proposed the idea of

consolidating the two; one would be a K-2 and the other for grades 3-5, which he believes would solve their space problem.

Mr. Schafer continued and said the school corporation wants to remodel every building in the district. He said there are always a lot of unexpected problems that go along with that, and he suggests doing one building at a time because every problem cannot be solved with one bond issue. He then said that the initial plan was to make the current Union Elementary a community center, but they are in the education business. They quickly departed from that idea, and came up with their current plan to bring some students back in; he commented that either the building is suitable for education as it stands or its not. In looking at the records for current Union Elementary, he said the boiler, the electrical service, the roof, and window, and the gym floor are within 12-13 years old. Masonry-wise, that building is in great condition, so he feels they could effectively remodel the building despite its low ceilings. He then brought up the school corporation has an outstanding GO Bond issue for the elementary school from 2004 for \$2 million. This is to be paid on through 2021; he asked if they should stay in that facility before taking on another debt issue.

Mr. Schafer then spoke of his real concern about this project; the high tension power lines and the electromagnetic radiation it emits, and how the school corporation is not taking it very seriously. He said that when research projects originally came out about power lines, the federal government declared electromagnetic radiation as a carcinogen. When the power and transmission companies and their lobbyists came out, things changed. The EPA now says that the presence of one milligauss of electromagnetic radiation is considered exposed. Mr. Schafer then quoted the Internal Medicine Journal, dated September 7 of 2007, Section 9: "People who live within 325 yards of a power line to the age five are five times more likely to develop cancer. Those who live within the same range to power lines at any point during their first 15 years were three times more likely to develop cancer as an adult." He said the report from the New York State Board of Regions on Environmental Quality of Schools summarizes his concern by saying that the New York State is looking closely at the issues of electromagnetic radiation fields and schools. They found 32 of their schools were located near high power lines, and they negotiated an agreement with the power suppliers to prevent electromagnetic fields near their schools. He continued and said the California Health Department reported that electromagnetic fields can cause some degree of an increased risk of childhood leukemia and adult brain cancer. Connecticut has passed a law in May of 2004 requiring power lines to be buried as they pass near residences, schools, hospitals, or other sensitive facilities. He said the power line at hand goes through their township and that three of their schools are near it.

Mr. Schafer then talked about the tax rate, and how last year it was \$2.14 in the township. He said enrollment in Porter County is slated to go down and property values have decreased. The rate should be reduced to \$1.42, but with this project applied, they will go back up to \$1.86; this equates to about a 30% tax increase. He then summarized that the project needs to be scrutinized further; there are many issues that need to be addressed at Union Center Elementary, but things need to be one at a time at a lower cost.

Mr. Samuel asked how many signatures were on the petition. Mr. Schafer said 124. He said there is big opposition to this project, but it fell on deaf ears. Mr. Joyce suggested that Mr. Schafer leave a copy of his findings with Mr. McLean so the Commissioner may look over them.

**Motion:** Mr. Umbaugh motioned to recommend approval of the project as submitted. Ms. Hinline seconded the motion.

Mr. Mills commented that he hates to see a legitimate chance for a remonstrance passed over for a technicality, and therefore he is going to vote no.

Mr. Mills called for a vote, and the motion failed to carry by a vote of 3-4. Mr. Samuel, Mr. Besinger, Mr. Mills, and Mr. Joyce casted the dissenting votes.

**Discussion on Appeals:** Mr. Mills asked Mr. McLean to explain how the school appeals are going to work under the new statutes; they no longer have a taxable school General Fund. Mr. McLean said the General Fund is used for the school's operating expenses; what is envisioned to happen is that the Department of Education will now take over paying the operating expenses of all school corporations. The reason for the appeals is that, under current statute, the units are able to apply and it is believed that whatever additional appropriation is granted to them will be added to the appropriation that the DOE has already lined up for them so that they will have use of the additional monies. Mr. Mills said that under the old law of the New Facility Appeals, he wanted to clarify that they phased out over five years. Mr. Besinger said it is seven years. Mr. Mills asked if the DLGF envisions that continuing, and Mr. McLean said yes, since all of these are being brought under the old law. He added that the DOE is going to do the adjustments. Ms. Hinline then wanted to clarify that the DOE is not going to be funding a school's operating expenses out of their General Fund. The new statute makes the DOE responsible for paying 100% of the funding formula cost. Mr. Mills asked where the money for these appeals comes from. Ms. Hinline said they will have a separate appropriation. Mr. Joyce asked where they will take the shortfall from, and Ms. Hinline said it will have an appropriation as well. She said this has nothing to do with teacher contracts, and the funding formula does not take into consideration what a school corporation's expenses are. Mr. Joyce said a shortfall does though, and Ms. Hinline said that may be, but shortfalls will go away in 2009. She said then school corporations will just have to figure out a way to cut their expenses.

Mr. Besinger then wanted to clarify that a Transportation Appeal, if approved, will become a permanent part of their levy, and Mr. Mills confirmed that. Mr. Besinger said schools have growth and they get extra money for that, and if they need to build a new facility, etc., they come back for a tax appeal to operate the new facility. He said if schools are getting that extra tuition money, he asked where that money is going; that money should be going to the extra costs of that building. He said this has always puzzled him. Dr. Seger said the statute does not let schools include the cost of teachers, only the operating expenses of the new facility.

Mr. Mills asked Mr. McLean for some advice on how to handle these appeals. Mr. McLean said his recommendation is to call the unit forward and vote. On some of these appeals, the DLGF's calculations and the unit's calculations differ, so rather than get into an argument with the units,

he suggests motioning to grant the unit all of the money they are requesting. He said the DLGF will work with the units to make sure they understand the calculations. Mr. Umbaugh said these appeals are mainly administrative anyways.

**Western School Corporation, Howard County; New Facility Appeal:** The unit has added 65,007 square feet to its campus in additions to Western Primary, Intermediate, and High School. The project was completed in May of 2008 and they are seeking a levy appeal of \$306,189.

Amount Advertised: \$306,189

**Present for the Hearing:** Randy McCracken, Assistant Superintendent; and Dr. Peter O'Rourke, Superintendent.

**Comments:** Mr. O'Rourke began by stating that in May of 2008 they completed a building project; they added 65,007 square feet of instructional space to their primary, intermediate, and high school buildings. As a result of that, they are requesting this New Facility Appeal. This will affect the areas of personnel, property insurance, utility services, and supplies.

Mr. Mills called for questions, and then commented that this comes out for \$4.71 a square foot. Mr. Umbaugh asked Mr. McLean if this meets the DLGF's calculations. Mr. McLean said they reviewed everything and it fits consistently.

Mr. Mills asked what has been the enrollment change in the district. Mr. O'Rourke said their highest enrollment was last year; they were up by about 100 students. This year they are down from that slightly, so they are at their second highest enrollment figure currently.

**Motion:** Mr. Mills motioned to approve the New Facility Appeal as submitted, subject to the DLGF determining the amount of qualification. Dr. Seger seconded, and the motion carried by a vote of 7-0.

**Benton Community School Corporation, Benton County; New Facility Appeal:** The unit has added 24,154 square feet to its campus at Prairie Crossing Elementary School. The unit occupied the facility in October of 2006. They are seeking a levy of \$41,239.19.

Amount Advertised: Missing

**Present for the Hearing:** Ross Sloat, Superintendent.

**Comments:** Mr. Ross Sloat stated that in October of 2006, a new elementary (K-6) building was completed and put into operation. This building consolidated two older buildings. The reason for the appeal is for the increased cost of utilities only, primarily electricity, because the two

older buildings did not have air-conditioning. When they had the hearing several years ago to build the building, they had advertised a projected \$90,000 appeal request at that time.

**Motion:** Mr. Mills motioned to approve the New Facility Appeal as submitted, subject to the DLGF determining the amount of qualification. Mr. Besinger seconded, and the motion carried by a vote of 7-0.

**East Noble School Corporation, Noble County; Transportation, New Facility, and Shortfall Appeals:** The unit will be adding 29,000 to its existing Wayne Center Elementary School that it intends to occupy beginning in June 2009. They are seeking a levy appeal for a new facility of \$101,599 to begin in May of 2009. In addition, they are seeking a Transportation Appeal of \$248,625 and a Shortfall Appeal of \$575,532.

Amount Advertised: New Facility: Missing  
Transportation: Missing  
Shortfall: Missing

**Present for the Hearing:** Craig Ream, Business Manager

**Transportation Appeal Comments:** Mr. Craig Ream started by stating that the school corporation has been trying to contain the increased costs of transportation due to high fuel costs. They have combined routes and re-routed buses to eliminate miles, they have triple-routed buses, they have cut principal's field trip budgets, and they are charging groups for trips that are over 80 miles. They have more high school student riders because they cannot afford gas themselves, and they are experiencing increased transportation needs for their special needs students. He then gave an example that last year, a tanker of fuel cost the school corporation \$14,000, and this spring it cost \$31,000. Yesterday he paid \$28,000 for a tanker of fuel. He said that he does not foresee the cost of fuel going down, so that is why he is here today.

Mr. Besinger asked if they have contracted any fuel ahead for the year. Mr. Ream said no because they do not see the savings in that; they look at the market everyday.

Mr. McLean said the unit needs to get over the 10% threshold in order to qualify for the appeal. They are showing a significant increase in their 2009 budget based on increased vehicle operations expense and vehicle service maintenance expense. He said they used the assumption of \$5 a gallon for the gasoline expense. He added that the DLGF realizes that it is extremely challenging for all transportation budgets right now in the State of Indiana given the fluctuation in the cost of gasoline, but in examining the documents, he saw no new routes, etc. There are assumptions being made that are not being matched up with documentation. It appears that costs are increasing, but the assumption of \$5 a gallon is higher than other units have used. He said the DLGF would be more than happy to work with the school corporation to come up with another number.

**Motion:** Mr. Umbaugh motioned to approve the Transportation Appeal subject to the DLGF working with the school to come up with a reasonable amount.



Mr. Ream agreed, and stated that when he filed for the appeal, he had no idea where the price of gas was going. Mr. Besinger asked why they are not locking in their fuel at a price they can afford when they see the price increasing.

Ms. Hineline said she thought the increase had to be the overall transportation budget because if the Board just looks at the fuel cost, then every school will be eligible. Mr. Umbaugh said it has to be within the parameters of the DLGF. Mr. McLean said they have to get over 10%. Ms. Hineline said on some of these appeals, the fuel cost is the only line item that was filled out. Mr. McLean said the units will usually send the DLGF more extensive documentation. Ms. Hineline asked Mr. McLean if he made a conscious choice not to send all of the documentation. Mr. McLean said yes because at the time he did not know what the Board would like to see, but if the Board would like to see all of the details, he would be more than happy to provide them. Mr. Mills commented that the more the DLGF sorts this out for them, the better.

Mr. Besinger said he would like to add something about getting fuel contracts in the motion. Mr. Umbaugh disagreed, because that should be every school's decision, whether or not that is a risk they want to take. He said he does not feel the Board should be making that decision for them. Mr. Besinger said it would protect their budget. Mr. Umbaugh said they are not necessarily protecting the taxpayer though.

Mr. Mills asked what taxes school corporations are liable for on fuel. Mr. Ream said they are not eligible for all the taxes; they do get some sort of a break, though he does not know which ones. A respondent from the audience said schools are exempt from the federal road tax; they do have to pay the state road tax. Mr. Mills asked about the state sales tax, and the respondent said no. Mr. Mills said that \$5 is a real stretch then, and Mr. Ream said at the time he filled out the paperwork, it was not a stretch, but he agreed that today it is a stretch.

Ms. Hineline seconded the motion, and the motion carried by a vote of 6-1, with Mr. Besinger opposed.

**New Facility Appeal Comments:** Mr. Ream said the school corporation is opening a new elementary school, which is replacing a current building that was built in 1922. The old building was just over 29,000 square feet, and the new building is approximately 69,000 square feet. The new school is scheduled to be finished in December, though they are sure the finishing touches will take a month or two longer. This building is identical to a present building that they have, and the custodial staffing should be in the same area, which is an increase of 1.5 people more than at the present building. The increased costs that were advertised at the 1028 hearing were \$101,599, and these costs include the increased staffing of the 1.5 people and their benefits, the increased utilities because of more square footage, and an increase in custodial costs because of the square footage.

Mr. Mills wanted to confirm that this appeal is for a full year, and Mr. Ream said yes. He said the building will be finished in January, but they will not take occupancy until August. They will be heating and staffing the building starting in January; students will not be moved there until August. Mr. McLean said the DLGF does not have any questions with the amount of their

appeal, but they do question the occupancy date. It is their position that the appeal money should start when the facility is occupied and ready for students. Dr. Seger said the appeal should be for five months then. Mr. McLean said they will work with the unit on this.

**Motion:** Mr. Umbaugh motioned to approve the appeal subject to the DLGF working with the school corporation to determine the occupancy date, and so adjusting the amount of the appeal. Dr. Seger seconded the motion, which passed by a vote of 7-0.

**Shortfall Appeal Comments:** Mr. Ream said he really does not have any additional information other than what was already provided, because it is an internal calculation.

Mr. Joyce asked Mr. McLean a question about the appeal paperwork submitted by the unit, and why it gives the unit the option to send the appeal directly to the DLGF without appearing before the SPTCB; he said the unit checked yes on that option. Mr. McLean said that the Legal Department at the DLGF has determined that all appeals must come before the SPTCB, which is why they are here.

Mr. Mills asked what caused the shortfall. Mr. Ream said they did not receive all of their tax money from the county. Mr. McLean said it was from refunds on assessments, and they cannot recover that money. The DLGF calculations show that unit is entitled to roughly \$240,000 in shortfall appeal money, as opposed to the \$575,000 amount they applied for. Mr. Mills asked what fund this will come out of next year, and how will it work. Mr. McLean said he does not have a lot of detail on that at the moment.

**Motion:** Mr. Mills motioned to send this appeal to the Commissioner with a recommendation that she grant whatever amount the unit is entitled to under the statute. Mr. Umbaugh seconded the motion, and it carried by a vote of 7-0.

### **Kokomo-Center Township Consolidated School Corporation, Howard**

**County; New Facility and Transportation Appeals:** The unit added 40,286 square feet to its High School/Career Center campus. The addition was occupied in August of 2008. They are seeking a New Facility Appeal for \$155,536. In addition they are seeking a Transportation Appeal for \$148,500.

Amount Advertised: New Facility: \$160,000  
Transportation: \$250,000

**Present for the Hearing:** Geralynn Smalliny, Deputy Treasurer; Eric Rody, Director of Business Affairs; and Chris Hinsel, Superintendent.

**New Facility Appeal Comments:** Mr. Chris Hinsel began by stating this appeal is to help cover the costs of new construction and was unanimously approved by the SPTCB a few years ago. The project is now complete and in use for the career center and the high school.

Mr. Mills said this equates to just under \$4 per square foot, and Mr. Rody said his calculations show it to be \$3.86 cents per square foot.

**Motion:** Mr. Mills motioned to recommend approval of the appeal for whatever amount the school is legally entitled to. Mr. Umbaugh seconded the motion, and it carried by a vote of 6-0. Mr. Samuel was not present for the vote.

**Transportation Appeal Comments:** Mr. Hinsel stated that this appeal is to cover the increased cost of fuel. Their history shows that the average cost of a gallon of fuel in 2006 was \$2.18; \$2.40 in 2007; and \$3.42 in 2008. Over the past five months, the average has been \$3.73, and the cheapest they have seen in the past seven months is 97 cents more per gallon than the average they had for the previous year. Despite their reduction in field trips, the reduction they have done in their bus routes and miles by restricting transportation provided to transfer students, they are still projecting a \$148,000 shortfall.

Mr. Besinger asked if these prices include tax. Mr. Rody said they include everything.

Mr. Mills asked if they have room under the formula for this. Mr. McLean stated that they want \$148,000, and under the DLGF's calculations the amount comes to \$131,000. Mr. Mills said this will dip into the circuit breaker issue, and Mr. McLean concurred. Mr. Mills asked where the money will come from. Mr. McLean said he does not know, but he did say that a lot of the increased transportation costs deal with the special ed students. Mr. Mills asked how the school district itself is with regards to the circuit breaker. Mr. Rody said the last numbers he saw were from a study in January or February, and the impact was in the \$800,000 range for all property tax supported funds. He said that figure has not been updated since legislation changed.

**Motion:** Mr. Mills motioned to send this appeal to the DLGF, and grant them whatever they are entitled to. Dr. Seger seconded, and the motion carried by a vote of 6-0. Mr. Samuel was not present for the vote.

**Danville Community School Corporation, Hendricks County; New Facility and Shortfall Appeals:** The unit added 196,342 square feet to its campus by building a new Intermediate/Junior High School. They are seeking \$927,217 for the increased cost of operation. They are also seeking a Shortfall of \$1,813,858 due to erroneous assessment.

Amount Advertised: Missing

**Present for the Hearing:** Denny Leathers, Business Manager; and Dr. Denis Ward, Superintendent.

**Shortfall Appeal Comments:** Mr. Denny Leathers stated this appeal was filed as an insurance policy, because in Hendricks County, there has been a very difficult time doing assessed valuations; this has been filed just in case the AVs turn out to be erroneous. He says he has no information or no data to share at this time. Mr. McLean says he expects the AVs to be available to them sometime the following week. The unit wanted to come forward, so it was his hope that

the Board would motion that they get as much money as they are legally entitled to once all of the data is available. Mr. Mills asked if there is anything going on out there that would cause them to question whether they will have the money available. Mr. Leathers said not at this time, but there was so much confusion, they are doing this as an insurance policy.

**Motion:** Mr. Umbaugh motioned to approve the unit's shortfall appeal for whatever amount they are legally entitled to once all of the data is available. Mr. Joyce seconded the motion, which carried by a vote of 6-0. Mr. Samuel was not present for the vote.

**New Facility Appeal Comments:** Mr. Leathers said that Mr. McLean has provided the Board with the information for this appeal; salaries and benefits for custodians and maintenance workers, supplies and utilities. Mr. McLean says that everything they sent in is within the DLGF guidelines.

Mr. Mills asked if they will run into any circuit breaker issues. Mr. Leathers said that Hendricks County just conducted a circuit breaker study and their impact will be in the \$6000-\$7000 range.

**Motion:** Mr. Umbaugh motioned to approve the appeal subject to DLGF verification. Dr. Seger seconded the motion, which carried by a vote of 6-0. Mr. Samuel was not present for the vote.

**Washington Community Schools, Daviess County; New Facility Appeal:** The unit added 23,846 square feet to its Washington Junior/Senior High School facility. They began occupancy in August of 2008. They are seeking a levy increase of \$35,590.

Amount Advertised: \$340,205

**Present for the Hearing:** Bruce Hatton, Superintendent.

**Comments:** Mr. Bruce Hatton stated that they are in the process of completing the project, and the construction firm will be off the site in about 60 days. They will be occupying the Jr/Sr High School complex to its full capacity at that time. They are here to request the amount of money to hire one new custodian, and to help with the cleaning and operation of the 13 rooms they added on to the building.

Mr. McLean said he spoke with this unit and went through all of their documentation, and everything is in line.

**Motion:** Mr. Umbaugh motioned to approve the appeal, and Dr. Seger seconded. The motion carried by a vote of 6-0. Mr. Samuel was not present for the vote.

**Plainfield Community School Corporation, Hendricks County; New Facility Appeal:** The unit requested a New Facility Appeal in the fall of 2007. The amount of the appeal was reduced to five months because that is how long they had occupied the building. They now are requesting the other seven months for a total appeal amount of \$1,132,530.

Amount Advertised: \$3,132,530

**Present for the Hearing:** Scott Olinger, Superintendent; and Jed Wolf, Assistant Superintendent.

**Comments:** Mr. Jed Wolf began and said that they came before the SPTCB last year to seek approval for the 2008 budget year, and they did receive in the Order five months of revenue to get them through the last five months of 2008. Today they are back to seek approval for the other seven months to operate their new high school. They did take formal occupancy in August of this year.

Mr. McLean said their calculations are within the guidelines, and the appeal was approved last year; they are here to request the balance. Dr. Seger said she believed the SPTCB stated as a group last year that the unit did not need to come back again this year.

Mr. Joyce asked if they have the same concern over the circuit breaker as Danville Schools. Mr. Wolf said their calculation says they would get hit with about \$200,000 in 2009. Until they see the actual numbers, they believe they will have to reduce some expenditures in their Capital Projects Fund. He said it's worrisome, but in their township, they have a good blend of assessed valuation; residential and commercial.

**Motion:** Mr. Mills motioned to recommend approval of the appeal subject to the calculation of the Commissioner. Dr. Seger seconded, and the motion carried by a vote of 7-0.

**Southeast Dubois County Schools, Dubois County; New Facility Appeal:** The unit added 44,489 square feet to its Cedar Crest Intermediate School facility. They began occupancy of the facility in 08/2008. They are now seeking a levy increase of \$152,356 to cover the increased costs.

Amount Advertised: Not yet, given the DLGF time extension, they are planning to advertise mid-October.

**Present for the Hearing:** Robert Johnson, Superintendent.

**Comments:** Mr. Robert Johnson stated he is here for an appeal for a building they opened and occupied in August of 2006.

Mr. McLean stated their calculations are in line with the guidance they have received from the DLGF in the past; their numbers are accurate.

**Motion:** Mr. Mills motioned to approve the appeal subject to the calculation of the Commissioner.

Ms. Hineline said they have \$49,000 listed for equipment, and she believed that in the past they took out the equipment. Mr. Johnson said that is the total cost of the equipment for this building because it is larger; what he did not put in there was a chiller that was \$25,000. He was not sure if they could apply for the whole amount of their equipment or just a percentage. Mr. Mills said that should be a Capital Projects issue. Mr. Johnson said he already paid for that out of his Capital Projects Fund. Mr. Mills asked what the grand total is. Mr. Johnson said the grand total of this appeal is \$152,356.04; the equipment was just over \$49,000. Mr. McLean said that the equipment is an issue, and will have to be re-examined as it should not be included. He recommended that the Board motion to let the DLGF reevaluate this. Mr. Mills said if they take the equipment off of the \$204,000 they also had listed, then the total comes to what they are requesting anyway. Ms. Hineline said the DLGF should review this.

Mr. Mills made another motion to recommend approval of this appeal subject to the fact that the equipment should be deleted. Dr. Seger seconded, and the motion carried by a vote of 7-0.

**MSD of North Posey, Posey County; Transportation Appeal:** The unit has been cutting bus routes and drivers since 2004 because of shrinking AVs in the county. In that year the State froze its levy. They have been struggling with transportation since then. Their request is for \$72,800.

Amount Advertised: \$300,000

**Present for the Hearing:** John Wood, Superintendent; and Dr. Todd Camp, Assistant Superintendent.

**Comments:** Mr. John Wood stated they are a very rural district and they cover a lot of square miles. They own their own buses, and they are now down to 33 vehicles; three utility buses, 30 regular school buses (28 routes and two spares), and two vans. They bid their gas every year; in 2007 they had three bids, and in 2008 they had only one. They are asking for the difference of 2007 and 2008 bid prices. He said they do not yet have their 2008 assessed valuations, and they are operating on borrowed money. They have taken many measures to decrease costs; they have cut routes, cut drivers, have not given raises, etc. They are doing as much as they can, but they need help on their fuel cost. He said that based on their 2007 AV, the impact will be a little over 2 cents.

Mr. McLean said the Superintendent is correct in that, without their 2008 AV, this is all a guess. They followed their numbers, and came out with a slightly lower number. He recommended that, instead of recommending a lower number, to instead wait for their AVs to come in and see what can be done for this unit. He said they have been struggling since 2004 with their transportation budget, and they want to make sure they get what they need.

**Motion:** Mr. Mills motioned to send this appeal to the Commissioner and that she grant them whatever is available under the statute. Mr. Besinger seconded the motion, and it carried by a vote of 7-0.

**Shoals Community School Corporation, Martin County; Shortfall Appeal:**

The unit requests a shortfall appeal in the amount of \$16,252 due to erroneous valuation. A commercial property had its tax rate and levy reduced by the county over which the school had no control.

Amount Advertised: \$96,532

**Present for the Hearing:** An unnamed representative.

**Comments:** A representative from the school corporation stated that they became aware in 2008 that they were going to have a near \$16,000 shortfall in their General Fund. This came about as a result of a settlement for assessed value for some apartment project in their community. They were \$27,000 short in 2007, and then an \$11,000 payment came in 2008; they are asking for the \$16,252 balance.

Mr. Mills asked which fund this is in, and the representative said the General Fund. Mr. McLean said they did the calculations, and the number they came up with is closer to \$11,000. He said the unit indicated that it moved \$140,000 to its Rainy Day Fund, which it is certainly allowed to do with a surplus. He asked why they are here for a \$16,000 shortfall if they have \$140,000 more than they projected. The representative said the Rainy Day Fund money is directed towards some of the buyout with their pensions and other items. Mr. McLean said their curiosity is that they have \$140,000 more than they anticipated in the Debt Service levy, yet they are here to ask the SPTCB for a levy of \$16,000; roughly 12% of what they already inadvertently received. He asked if things in the school corporation are so tight that the \$16,000 is that important. The representative said he considers it important, and the School Board considers it important. He said the Rainy Day Fund will be expended very quickly for other projects, and this General Fund money will be important to the budget. Mr. Besinger asked how they are going to break down their Rainy Day Fund. The representative said they have a project for an estimated \$150,000 that will go to teachers that are eligible to retire before the age of 58. The teachers have not identified themselves yet, but there are potentially seven that may take advantage of this, and they need to be prepared. Also, they have a plumbing project, and they are constructing two permanent walls in the science area. Mr. Umbaugh asked if this buyout will save on operating expenses overall, and the representative said yes. He added that this is the last year for this particular scenario for the buyout.

Mr. Mills asked what the total General Fund is. The representative said around \$7 million.

**Motion:** Mr. Mills motioned to recommend that the Commissioner do not grant this appeal. He said he believes the amount is too small, and cannot believe that with a \$7 million budget they cannot find the money. Mr. Besinger seconded, and the motion carried by a vote of 6-1. Dr. Seger casted the dissenting vote.

**MSD of Pike Township, Marion County:** The school is requesting approval to issue a lease with the Pike Township Multi-School Building Corporation for the amount of \$19,685,000

with maximum annual payments of \$5,499,000 for a term of eight (8) years. The project calls for the demolishing of Easterbrook Elementary School (56,284 sq ft) and the construction of a new Easterbrook Elementary (98,145 sq ft). The project does call for the purchase of additional land, which makes the total land, building and equipment come in at 14.92% of the total project cost.

Note: Marion County's last Certified Budget was 2007 pay 2008.

Project costs: \$19,685,000  
Applied to Debt: 0  
Annual Payment: \$5,499,000

**Tax Rate Impact:**

2007 AV	\$5,690,656,858
Levy Needed	\$872,100*
Est. Tax Rate	0.2736*

**Meeting and Publication Dates:**

Date of Publication of the 1028 Hearing	05/30/2008
Date of 1028 Hearing	06/12/2008 (7-0)
Date of the Notice for the Preliminary Determination Hearing	06/12/2008
Date of Publication of the Preliminary Determination	06/18/2008
Auditor's Certificate of No Remonstrance	missing
Proof of Publication of Notice on Hearing of Lease	08/29/2008
Excerpts & Minutes Approving Form of Financing	08/28/2008

Common Construction Wage Hearing Held: 07/29/2008

\*First year only

Unit plans no new facility appeal with this project.

**Present for the Hearing:** Linda Searles, Chief Financial Officer; Nathaniel Jones, Superintendent; Raul Rivas, Director of Facilities; and Colette Irwin-Knott, Financial Advisor.

**Comments:** Ms. Linda Searles began and stated the project today is the next step in a long list of facility needs set forth by a Blue Ribbon Committee, which was received by the School Board in October of 2005. All of the projects, including this one, have been discussed for the last several years within the community. The Blue Ribbon Committee was established in 2004 and consisted of community members and school district staff, and it was charged by the school corporation to extensively review all of the existing facilities and to provide a report that would identify all of their needs. When the report was completed, it concluded that while no new facilities needed to be constructed in the foreseeable future, there were several different facilities that needed to be remodeled or rebuilt within the next few years. After addressing more immediate needs in the district with prior bond issues, which will be fully repaid in 2011, and money in



their Capital Projects Fund, the Board, based on community input, decided to address the facility needs at the Easterbrook Elementary School.

Ms. Searles continued and said the project today is for a new Easterbrook Elementary that will replace a facility constructed almost 50 years ago. In an effort to create facility equity among all the elementary school students, they have decided to base the new elementary school on one of their existing schools completed in 2001. While they originally explored renovating the current Easterbrook Elementary, they determined the cost would be equal to or greater than building a brand new school due to the longer construction time and working around the elementary students. Therefore, the Board decided to move forward with the new construction on the land adjacent to the existing building in a time frame that would allow students to be in the building by the 2010-2011 school year.

Ms. Searles said this project and the financing have been strongly supported by the community; there has been no opposition. She then spoke more about the financing. She said the way their lease is structured has eliminated the need for any capitalized interest, and this has allowed them to further reduce the bond issue by \$1.5 million. She said the building corporation will issue bonds in an amount not exceeding \$19,685,000 for a maximum term of eight years. She recognizes this is a short repayment period, but this has been their goal; to reduce the interest costs for a benefit to the school corporation and the taxpayers. The lease rental payments will require a maximum debt service tax rate of approximately 8.5 cents, though they are expecting their total debt service tax rate to go down from almost 34 in 2006 pay 2007 to a little over 27 cents in 2008 pay 2009.

Mr. Joyce commented that it is commendable that they lowered the interest costs on this project by paying it off in eight years. Ms. Searles says that the Pike Township has historically had a very aggressive approach to repaying its debt.

Mr. Samuel then commented that State Representative Phil Hinkle is in support of this project.

Mr. Mills asked what is happening to the Pike Township population. Ms. Searles said that their enrollment is leveling out; they are not seeing the large growth spikes that they have seen in past years. Mr. Mills then asked about the acreage purchased for this project. Ms. Searles said they have already purchased the land with their Capital Projects Fund in February 2006. Mr. Samuel asked where the land is, and Ms. Searle said on New August Road. Mr. Raul Rivas said it is south of 79<sup>th</sup> Street.

Mr. Mills asked if this project meets all the guidelines, such as cost per square foot, etc. Mr. McLean said it does. Mr. Umbaugh commented that he likes this project, but asked if there are any extra costs with the holding company or the building corporation. Ms. Colette Irwin-Knott said there is no capitalized interest, so it is the same. Mr. Umbaugh asked why they did not use a General Obligation Bond. Ms. Irwin-Knott stated the school corporation has multiple improvements that are upcoming, so they want to reserve their General Obligation debt money for those projects if needed. She added that, because this is new construction, it made more sense to do a lease agreement.

**Motion:** Mr. Umbaugh motioned to recommend approval of the project as submitted. Ms. Hineline seconded the motion, which carried by a vote of 7-0.

The meeting adjourned at 12:28 p.m.